

State of Arizona
Senate
Forty-eighth Legislature
Second Regular Session
2008

SENATE BILL 1377

AN ACT

AMENDING SECTIONS 15-185, 15-302, 15-481, 15-901, 15-945, 15-1102 AND
15-2104, ARIZONA REVISED STATUTES; RELATING TO EDUCATION FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-185, Arizona Revised Statutes, is amended to
3 read:

4 15-185. Charter schools; financing; civil penalty; definitions

5 A. Financial provisions for a charter school that is sponsored by a
6 school district governing board are as follows:

7 1. The charter school shall be included in the district's budget and
8 financial assistance calculations pursuant to paragraph 3 of this subsection
9 and chapter 9 of this title, except for chapter 9, article 4 of this title.
10 The charter of the charter school shall include a description of the methods
11 of funding the charter school by the school district. The school district
12 shall send a copy of the charter and application, including a description of
13 how the school district plans to fund the school, to the state board of
14 education before the start of the first fiscal year of operation of the
15 charter school. The charter or application shall include an estimate of the
16 student count for the charter school for its first fiscal year of operation.
17 This estimate shall be computed pursuant to the requirements of paragraph 3
18 of this subsection.

19 2. A school district is not financially responsible for any charter
20 school that is sponsored by the state board of education or the state board
21 for charter schools.

22 3. A school district that sponsors a charter school may:

23 (a) Increase its student count as provided in subsection B, paragraph
24 2 of this section during the first year of the charter school's operation to
25 include those charter school pupils who were not previously enrolled in the
26 school district. A charter school sponsored by a school district governing
27 board is eligible for the assistance prescribed in subsection B, paragraph 4
28 of this section. The soft capital allocation as provided in section 15-962
29 for the school district sponsoring the charter school shall be increased by
30 the amount of the additional assistance. The school district shall include
31 the full amount of the additional assistance in the funding provided to the
32 charter school.

33 (b) Compute separate weighted student counts pursuant to section
34 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
35 school pupils in order to maintain eligibility for small school district
36 support level weights authorized in section 15-943, paragraph 1 for its
37 noncharter school pupils only. The portion of a district's student count
38 that is attributable to charter school pupils is not eligible for small
39 school district support level weights.

40 4. If a school district uses the provisions of paragraph 3 of this
41 subsection, the school district is not eligible to include those pupils in
42 its student count for the purposes of computing an increase in its revenue
43 control limit and district support level as provided in section 15-948.

1 5. A school district that sponsors a charter school is not eligible to
2 include the charter school pupils in its student count for the purpose of
3 computing an increase in its capital outlay revenue limit as provided in
4 section 15-961, subsection C, except that if the charter school was
5 previously a school in the district, the district may include in its student
6 count any charter school pupils who were enrolled in the school district in
7 the prior year.

8 6. A school district that sponsors a charter school is not eligible to
9 include the charter school pupils in its student count for the purpose of
10 computing the revenue control limit which is used to determine the maximum
11 budget increase as provided in chapter 4, article 4 of this title unless the
12 charter school is located within the boundaries of the school district.

13 7. If a school district converts one or more of its district public
14 schools to a charter school and receives assistance as prescribed in
15 subsection B, paragraph 4 of this section, and subsequently converts the
16 charter school back to a district public school, the school district shall
17 repay the state the total additional assistance received for the charter
18 school for all years that the charter school was in operation. The repayment
19 shall be in one lump sum and shall be reduced from the school district's
20 current year equalization assistance. The school district's general budget
21 limit shall be reduced by the same lump sum amount in the current year.

22 B. Financial provisions for a charter school that is sponsored by the
23 state board of education or the state board for charter schools are as
24 follows:

25 1. The charter school shall calculate a base support level as
26 prescribed in section 15-943, except that ~~sections SECTION 15-941 and 15-942~~
27 ~~do DOES~~ not apply to these charter schools.

28 2. Notwithstanding paragraph 1 of this subsection, the student count
29 shall be determined initially using an estimated student count based on
30 actual registration of pupils before the beginning of the school year. After
31 the first one hundred days or two hundred days in session, as applicable, the
32 charter school shall revise the student count to be equal to the actual
33 average daily membership, as defined in section 15-901, or the adjusted
34 average daily membership, as prescribed in section 15-902, of the charter
35 school. Before the one hundredth day or two hundredth day in session, as
36 applicable, the state board of education or the state board for charter
37 schools may require a charter school to report periodically regarding pupil
38 enrollment and attendance and the department of education may revise its
39 computation of equalization assistance based on the report. A charter school
40 shall revise its student count, base support level and additional assistance
41 before May 15. A charter school that overestimated its student count shall
42 revise its budget before May 15. A charter school that underestimated its
43 student count may revise its budget before May 15.

1 3. A charter school may utilize section 15-855 for the purposes of
2 this section. The charter school and the department of education shall
3 prescribe procedures for determining average daily attendance and average
4 daily membership.

5 4. Equalization assistance for the charter school shall be determined
6 by adding the amount of the base support level and additional assistance.
7 The amount of the additional assistance is one thousand four hundred
8 ~~forty-five~~ SEVENTY-FOUR dollars ~~twenty-five~~ SIXTEEN cents per student count
9 in kindergarten programs and grades one through eight and one thousand ~~six~~
10 SEVEN hundred ~~eighty-four~~ EIGHTEEN dollars ~~forty-one~~ TEN cents per student
11 count in grades nine through twelve.

12 5. The state board of education shall apportion state aid from the
13 appropriations made for such purposes to the state treasurer for disbursement
14 to the charter schools in each county in an amount as determined by this
15 paragraph. The apportionments shall be made in twelve equal installments of
16 the total amount to be apportioned during the fiscal year on the fifteenth
17 day of each month of the fiscal year.

18 6. Notwithstanding paragraph 5 of this subsection, if sufficient
19 appropriated monies are available after the first forty days in session of
20 the current year, a charter school may request additional state monies to
21 fund the increased state aid due to anticipated student growth through the
22 first one hundred days or two hundred days in session, as applicable, of the
23 current year as provided in section 15-948. In no event shall a charter
24 school have received more than three-fourths of its total apportionment
25 before April 15 of the fiscal year. Early payments pursuant to this
26 subsection must be approved by the state treasurer, the director of the
27 department of administration and the superintendent of public instruction.

28 7. The charter school shall not charge tuition, levy taxes or issue
29 bonds.

30 8. Not later than noon on the day preceding each apportionment date
31 established by paragraph 5 of this subsection, the superintendent of public
32 instruction shall furnish to the state treasurer an abstract of the
33 apportionment and shall certify the apportionment to the department of
34 administration, which shall draw its warrant in favor of the charter schools
35 for the amount apportioned.

36 C. If a pupil is enrolled in both a charter school and a public school
37 that is not a charter school, the sum of the daily membership, which includes
38 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
39 subdivisions (a) and (b) and daily attendance as prescribed in section
40 15-901, subsection A, paragraph 6, for that pupil in the school district and
41 the charter school shall not exceed 1.0, except that if the pupil is enrolled
42 in both a charter school and a joint technological education district and
43 resides within the boundaries of a school district participating in the joint
44 technological education district, the sum of the average daily membership for
45 that pupil in the charter school and the joint technological education

1 district shall not exceed 1.25. If a pupil is enrolled in both a charter
2 school and a public school that is not a charter school, the department of
3 education shall direct the average daily membership to the school with the
4 most recent enrollment date. Upon validation of actual enrollment in both a
5 charter school and a public school that is not a charter school and if the
6 sum of the daily membership or daily attendance for that pupil is greater
7 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between
8 the public school and the charter school based on the percentage of total
9 time that the pupil is enrolled or in attendance in the public school and the
10 charter school, except that if the pupil is enrolled in both a charter school
11 and a joint technological education district and resides within the
12 boundaries of a school district participating in the joint technological
13 education district, the sum of the average daily membership for that pupil in
14 the charter school and the joint technological education district shall be
15 reduced to 1.25 and shall be apportioned between the charter school and the
16 joint technological education district based on the percentage of total time
17 that the pupil is enrolled or in attendance in the charter school and the
18 joint technological education district. The uniform system of financial
19 records shall include guidelines for the apportionment of the pupil
20 enrollment and attendance as provided in this section.

21 D. Charter schools are allowed to accept grants and gifts to
22 supplement their state funding, but it is not the intent of the charter
23 school law to require taxpayers to pay twice to educate the same pupils. The
24 base support level for a charter school or for a school district sponsoring a
25 charter school shall be reduced by an amount equal to the total amount of
26 monies received by a charter school from a federal or state agency if the
27 federal or state monies are intended for the basic maintenance and operations
28 of the school. The superintendent of public instruction shall estimate the
29 amount of the reduction for the budget year and shall revise the reduction to
30 reflect the actual amount before May 15 of the current year. If the
31 reduction results in a negative amount, the negative amount shall be used in
32 computing all budget limits and equalization assistance, except that:

- 33 1. Equalization assistance shall not be less than zero.
- 34 2. For a charter school sponsored by the state board of education or
35 the state board for charter schools, the total of the base support level, the
36 capital outlay revenue limit, the soft capital allocation and the additional
37 assistance shall not be less than zero.
- 38 3. For a charter school sponsored by a school district, the base
39 support level for the school district shall not be reduced by more than the
40 amount that the charter school increased the district's base support level,
41 capital outlay revenue limit and soft capital allocation.

42 E. If a charter school was a district public school in the prior year
43 and is now being operated for or by the same school district and sponsored by
44 the state board of education, the state board for charter schools or a school
45 district governing board, the reduction in subsection D of this section

1 applies. The reduction to the base support level of the charter school or
2 the sponsoring district of the charter school shall equal the sum of the base
3 support level and the additional assistance received in the current year for
4 those pupils who were enrolled in the traditional public school in the prior
5 year and are now enrolled in the charter school in the current year.

6 F. Equalization assistance for charter schools shall be provided as a
7 single amount based on average daily membership without categorical
8 distinctions between maintenance and operations or capital.

9 G. At the request of a charter school, the county school
10 superintendent of the county where the charter school is located may provide
11 the same educational services to the charter school as prescribed in section
12 15-308, subsection A. The county school superintendent may charge a fee to
13 recover costs for providing educational services to charter schools.

14 H. If the sponsor of the charter school determines at a public meeting
15 that the charter school is not in compliance with federal law, with the laws
16 of this state or with its charter, the sponsor of a charter school may submit
17 a request to the department of education to withhold up to ten per cent of
18 the monthly apportionment of state aid that would otherwise be due the
19 charter school. The department of education shall adjust the charter
20 school's apportionment accordingly. The sponsor shall provide written notice
21 to the charter school at least seventy-two hours before the meeting and shall
22 allow the charter school to respond to the allegations of noncompliance at
23 the meeting before the sponsor makes a final determination to notify the
24 department of education of noncompliance. The charter school shall submit a
25 corrective action plan to the sponsor on a date specified by the sponsor at
26 the meeting. The corrective action plan shall be designed to correct
27 deficiencies at the charter school and to ensure that the charter school
28 promptly returns to compliance. When the sponsor determines that the charter
29 school is in compliance, the department of education shall restore the full
30 amount of state aid payments to the charter school.

31 I. In addition to the withholding of state aid payments pursuant to
32 subsection H of this section, the sponsor of a charter school may impose a
33 civil penalty of one thousand dollars per occurrence if a charter school
34 fails to comply with the fingerprinting requirements prescribed in section
35 15-183, subsection C or section 15-512. The sponsor of a charter school
36 shall not impose a civil penalty if it is the first time that a charter
37 school is out of compliance with the fingerprinting requirements and if the
38 charter school provides proof within forty-eight hours of written
39 notification that an application for the appropriate fingerprint check has
40 been received by the department of public safety. The sponsor of the charter
41 school shall obtain proof that the charter school has been notified and the
42 notification shall identify the date of the deadline and shall be signed by
43 both parties. The sponsor of a charter school shall automatically impose a
44 civil penalty of one thousand dollars per occurrence if the sponsor
45 determines that the charter school subsequently violates the fingerprinting

1 requirements. Civil penalties pursuant to this ~~section~~ SUBSECTION shall be
2 assessed by requesting the department of education to reduce the amount of
3 state aid that the charter school would otherwise receive by an amount equal
4 to the civil penalty. The amount of state aid withheld shall revert to the
5 state general fund at the end of the fiscal year.

6 J. A charter school may receive and spend monies distributed by the
7 department of education pursuant to section 42-5029, subsection E and section
8 37-521, subsection B.

9 K. For the purposes of this section:

10 1. "Monies intended for the basic maintenance and operations of the
11 school" means monies intended to provide support for the educational program
12 of the school, except that it does not include supplemental assistance for a
13 specific purpose or P.L. 81-874 monies. The auditor general shall determine
14 which federal or state monies meet the definition in this paragraph.

15 2. "Operated for or by the same school district" means the charter
16 school is either governed by the same district governing board or operated by
17 the district in the same manner as other traditional schools in the district
18 or is operated by an independent party that has a contract with the school
19 district. The auditor general and the department of education shall
20 determine which charter schools meet the definition in this subsection.

21 Sec. 2. Section 15-302, Arizona Revised Statutes, is amended to read:

22 15-302. Powers and duties

23 A. The county school superintendent shall:

24 1. Distribute all laws, reports, circulars, instructions and forms
25 which he may receive for the use of school officers.

26 2. Record all official acts.

27 3. Appoint governing board members of school districts to fill all
28 vacancies, but the term of the appointment shall be until the next regular
29 election for governing board members, at which time a successor shall be
30 elected to serve the unexpired portion of the term. The county school
31 superintendent ~~may~~, if he deems it in the best interest of the community, ~~MAY~~
32 call a special election to fill the vacancies. If an election is called, the
33 newly elected member shall serve for the remainder of the unexpired portion
34 of the term.

35 4. Make reports, when directed by the superintendent of public
36 instruction, showing matters relating to schools in his county as may be
37 required on the forms furnished by the superintendent of public instruction.

38 5. Have such powers and perform such duties as otherwise prescribed by
39 law.

40 6. On or before October 1 of each year, make a report to the
41 superintendent of public instruction showing the amount of monies received
42 from state school funds, special school district taxes and other sources, the
43 total expenditures for school purposes and the balance on hand to the credit
44 of each school district at the close of the school year.

1 7. Contract with the board of supervisors for the board of supervisors
2 to conduct all regular school district elections.

3 8. Be responsible, in cooperation with the governing boards and the
4 board of supervisors, for all special school district elections.

5 9. Maintain teacher and administrator certification records of
6 effective dates and expiration dates of teachers' and administrators'
7 certificates in compliance with guidelines prescribed in the uniform system
8 of financial records for those school districts for which the county school
9 superintendent is the fiscal agent. The county school superintendent shall
10 not draw a warrant in payment of a teacher's, substitute teacher's or
11 administrator's salary unless the teacher, substitute teacher or
12 administrator is legally certified during the fiscal year in which the term
13 for payment is demanded.

14 10. Notify a school district three years before the expiration of a
15 revenue control limit override that the school district's budget must be
16 adjusted in the final two years of the override pursuant to section 15-481,
17 ~~subsections~~ SUBSECTION P- M and Q, if the voters do not approve another
18 override.

19 11. In collaboration with the department of education and other state
20 agencies, provide assistance to school districts and charter schools on the
21 use of student data, staff development, curriculum alignment and technology
22 to improve student performance.

23 12. Assist schools in meeting yearly adequate progress goals as defined
24 by criteria established by the state board of education and implemented by
25 the department of education.

26 B. At the request of school districts and charter schools, the county
27 school superintendent may provide discretionary programs in addition to the
28 programs prescribed in subsection A OF THIS SECTION.

29 C. The county school superintendent may provide the services
30 prescribed in subsections A and B OF THIS SECTION in the county or jointly
31 with two or more counties pursuant to title 11, chapter 7, article 3.

32 D. Each county school superintendent may establish an advisory
33 committee to the office of the county school superintendent.

34 Sec. 3. Section 15-481, Arizona Revised Statutes, is amended to read:
35 15-481. Override election; budget increases; notice; ballot;
36 effect

37 A. If a proposed budget of a school district exceeds the aggregate
38 budget limit for the budget year, at least ninety days before the proposed
39 election the governing board shall order an override election to be held on
40 the first Tuesday following the first Monday in November as prescribed by
41 section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of
42 presenting the proposed budget to the qualified electors of the school
43 district who shall by a majority of those voting either affirm or reject the
44 budget. In addition, the governing board shall prepare an alternate budget
45 which does not include an increase in the budget of more than the amount

1 permitted as provided in section 15-905. If the qualified electors approve
2 the proposed budget, the governing board of the school district shall follow
3 the procedures prescribed in section 15-905 for adopting a budget that
4 includes the authorized increase. If the qualified electors disapprove the
5 proposed budget, the governing board shall follow the procedures prescribed
6 in section 15-905 for adopting a budget that does not include the proposed
7 increase or the portion of the proposed increase that exceeds the amount
8 authorized by a previously approved budget increase as prescribed in
9 subsection ~~P~~ M of this section.

10 B. The county school superintendent shall prepare an informational
11 report on the proposed increase in the budget and a sample ballot and, at
12 least forty days prior to the election, shall transmit the report and the
13 sample ballot to the governing board of the school district. The governing
14 board, upon receipt of the report and the ballot, shall mail or distribute
15 the report and the ballot to the households in which qualified electors
16 reside within the school district at least thirty-five days prior to the
17 election. Any distribution of material concerning the proposed increase in
18 the budget shall not be conducted by children enrolled in the school
19 district. The report shall contain the following information:

20 1. The date of the election.

21 2. The voter's polling place and the times it is open.

22 3. The proposed total increase in the budget which exceeds the amount
23 permitted pursuant to section 15-905.

24 4. The total amount of the current year's budget, the total amount of
25 the proposed budget and the total amount of the alternate budget.

26 5. If the override is for a period of more than one year, a statement
27 indicating the number of years the proposed increase in the budget would be
28 in effect and the percentage of the school district's revenue control limit
29 that the district is requesting for the future years.

30 6. The proposed total amount of revenues which will fund the increase
31 in the budget and the amount which will be obtained from a levy of taxes upon
32 the taxable property within the school district for the first year for which
33 the budget increase was adopted.

34 7. The proposed amount of revenues which will fund the increase in the
35 budget and which will be obtained from other than a levy of taxes upon the
36 taxable property within the school district for the first year for which the
37 budget increase was adopted.

38 8. The dollar amount and the purpose for which the proposed increase
39 in the budget is to be expended for the first year for which the budget
40 increase was adopted.

41 9. At least two arguments, if submitted, but no more than ten
42 arguments for and two arguments, if submitted, but no more than ten arguments
43 against the proposed increase in the budget. The arguments shall be in a
44 form prescribed by the county school superintendent and each argument shall
45 not exceed two hundred words. Arguments for the proposed increase in the

1 budget shall be provided in writing and signed by the governing board. If
2 submitted, additional arguments in favor of the proposed increase in the
3 budget shall be provided in writing and signed by those in favor. Arguments
4 against the proposed increase in the budget shall be provided in writing and
5 signed by those in opposition. The names of those persons other than the
6 governing board or superintendent submitting written arguments shall not be
7 included in the report without their specific permission, but shall be made
8 available only upon request to the county school superintendent. The county
9 school superintendent shall review all factual statements contained in the
10 written arguments and correct any inaccurate statements of fact. The
11 superintendent shall not review and correct any portion of the written
12 arguments which are identified as statements of the author's opinion. The
13 county school superintendent shall make the written arguments available to
14 the public as provided in title 39, chapter 1, article 2. A deadline for
15 submitting arguments to be included in the informational report shall be set
16 by the county school superintendent.

17 10. A statement that the alternate budget shall be adopted by the
18 governing board if the proposed budget is not adopted by the qualified
19 electors of the school district.

20 11. The full cash value, the assessed valuation, the first year tax
21 rate for the proposed override and the estimated amount of the secondary
22 property taxes if the proposed budget is adopted for each of the following:

23 (a) An owner-occupied residence whose assessed valuation is the
24 average assessed valuation of property classified as class three, as
25 prescribed by section 42-12003 for the current year in the school district.

26 (b) An owner-occupied residence whose assessed valuation is one-half
27 of the assessed valuation of the residence in subdivision (a) of this
28 paragraph.

29 (c) An owner-occupied residence whose assessed valuation is twice the
30 assessed valuation of the residence in subdivision (a) of this paragraph.

31 (d) A business whose assessed valuation is the average of the assessed
32 valuation of property classified as class one, as prescribed by section
33 42-12001, paragraphs 12 and 13 for the current year in the school district.

34 12. If the election is conducted pursuant to subsection ~~I~~ or ~~M~~ J of
35 this section, the following information:

36 (a) An executive summary of the school district's most recent capital
37 improvement plan submitted to the school facilities board.

38 (b) A complete list of each proposed capital improvement that will be
39 funded with the budget increase and a description of the proposed cost of
40 each improvement, including a separate aggregation of capital improvements
41 for administrative purposes as defined by the school facilities board.

42 (c) The tax rate associated with each of the proposed capital
43 improvements and the estimated cost of each capital improvement for the owner
44 of a single family home that is valued at eighty thousand dollars.

1 C. For the purpose of this section, the school district may use its
2 staff, equipment, materials, buildings or other resources only to distribute
3 the informational report at the school district office or at public hearings
4 and to produce such information as required in subsection B of this section,
5 provided that nothing in this subsection shall preclude school districts from
6 holding or participating in any public hearings at which testimony is given
7 by at least one person for the proposed increase and one person against the
8 proposed increase. Any written information provided by the district
9 pertaining to the override election shall include financial information
10 showing the estimated first year tax rate for the proposed budget override
11 amount.

12 D. If any amount of the proposed increase will be funded by a levy of
13 taxes in the district, the election prescribed in subsection A of this
14 section shall be held on the first Tuesday following the first Monday in
15 November as prescribed by section 16-204, subsection B, paragraph 1,
16 subdivision (d). If the proposed increase will be fully funded by revenues
17 from other than a levy of taxes the elections prescribed in subsection A of
18 this section shall be held on any date prescribed by section 16-204. The
19 elections shall be conducted as nearly as practicable in the manner
20 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
21 section 15-426, relating to special elections, except that:

22 1. The notices required pursuant to section 15-403 shall be posted not
23 less than twenty-five days before the election.

24 2. Ballots shall be counted pursuant to title 16, chapter 4,
25 article 10.

26 E. If the election is to exceed the revenue control limit and if the
27 proposed increase will be fully funded by a levy of taxes upon the taxable
28 property within the school district, the ballot shall contain the words
29 "budget increase, yes" and "budget increase, no", and the voter shall signify
30 his desired choice. The ballot shall also contain the amount of the proposed
31 increase of the proposed budget over the alternate budget, a statement that
32 the amount of the proposed increase will be based on a percentage of the
33 school district's revenue control limit in future years, if applicable, as
34 provided in subsection ~~P~~ M of this section and the following statement:

35 Any budget increase authorized by this election shall be
36 entirely funded by a levy of taxes upon the taxable property
37 within this school district for the year for which adopted and
38 for ____ subsequent years, shall not be realized from monies
39 furnished by the state and shall not be subject to the
40 limitation on taxes specified in article IX, section 18,
41 Constitution of Arizona. Based on an estimate of assessed
42 valuation used for secondary property tax purposes, to fund the
43 proposed increase in the school district's budget would require
44 an estimated tax rate of _____ dollar per one hundred
45 dollars of assessed valuation used for secondary property tax

1 purposes and is in addition to the school district's tax rate
 2 which will be levied to fund the school district's revenue
 3 control limit allowed by law.

4 F. If the election is to exceed the revenue control limit and if the
 5 proposed increase will be fully funded by revenues from other than a levy of
 6 taxes upon the taxable property within the school district, the ballot shall
 7 contain the words "budget increase, yes" and "budget increase, no", and the
 8 voter shall signify the voter's desired choice. The ballot shall also
 9 contain:

10 1. The amount of the proposed increase of the proposed budget over the
 11 alternate budget.

12 2. A statement that the amount of the proposed increase will be based
 13 on a percentage of the school district's revenue control limit in future
 14 years, if applicable, as provided in subsection ~~P~~ M of this section.

15 3. The following statement:

16 Any budget increase authorized by this election shall be
 17 entirely funded by this school district with revenues from other
 18 than a levy of taxes on the taxable property within the school
 19 district for the year for which adopted and for _____
 20 subsequent years and shall not be realized from monies furnished
 21 by the state.

22 G. Except as provided in subsection H of this section, the maximum
 23 budget increase which may be requested and authorized as provided in
 24 subsection E or F of this section or the combination of subsections E and F
 25 of this section is ~~ten~~ FIFTEEN per cent of the revenue control limit as
 26 provided in section 15-947, subsection A for the budget year.

27 H. Special budget override provisions for school districts with a
 28 student count of less than one hundred fifty-four in kindergarten programs
 29 and grades one through eight or with a student count of less than one hundred
 30 seventy-six in grades nine through twelve are as follows:

31 1. The maximum budget increase that may be requested and authorized as
 32 provided in subsections E and F of this section is the greater of the amount
 33 prescribed in subsection G of this section or a limit computed as follows:

34 (a) For common or unified districts with a student count of less than
 35 one hundred fifty-four in kindergarten programs and grades one through eight,
 36 the limit computed as prescribed in item (i) or (ii) of this subdivision,
 37 whichever is appropriate:

38 (i)

39		Small School		Support Level Weight		Phase Down
40	Student	Student		for Small Isolated		Reduction
41	<u>Count</u>	<u>Count Limit</u>		<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
42	<u> </u>	- <u>125</u>	x	1.358 + (0.0005 x	x <u>\$ </u>	= <u>\$ </u>
43				(500 - Student Count))		
44					Small Isolated	
45		Phase Down		Phase Down	School District	

1 Base Reduction Factor Elementary Limit
 2 \$150,000 - \$ _____ = \$ _____
 3 (ii)
 4 Small School Support Level Weight Phase Down
 5 Student Student for Small Reduction
 6 Count Count Limit School Districts Base Level Factor
 7 _____ - 125 x 1.278 + (0.0003 x x \$ _____ = \$ _____
 8 (500 - Student Count))
 9 Small
 10 Phase Down Phase Down School District
 11 Base Reduction Factor Elementary Limit
 12 \$150,000 - \$ _____ = \$ _____

13 (b) For unified or union high school districts with a student count of
 14 less than one hundred seventy-six in grades nine through twelve, the limit
 15 computed as prescribed in item (i) or (ii) of this subdivision, whichever is
 16 appropriate:

17 (i)
 18 Small School Support Level Weight Phase Down
 19 Student Student for Small Isolated Reduction
 20 Count Count Limit School Districts Base Level Factor
 21 _____ - 100 x 1.468 + (0.0005 x x \$ _____ = \$ _____
 22 (500 - Student Count))
 23 Small Isolated
 24 Phase Down Phase Down District
 25 Base Reduction Factor Secondary Limit
 26 \$350,000 - \$ _____ = \$ _____

27 (ii)
 28 Small School Support Level Weight Phase Down
 29 Student Student for Small Reduction
 30 Count Count Limit School Districts Base Level Factor
 31 _____ - 100 x 1.398 + (0.0004 x x \$ _____ = \$ _____
 32 (500 - Student Count))
 33 Small
 34 Phase Down Phase Down School District
 35 Base Reduction Factor Secondary Limit
 36 \$350,000 - \$ _____ = \$ _____

37 (c) If both subdivisions (a) and (b) of this paragraph apply to a
 38 unified school district, its limit for the purposes of this paragraph is the
 39 combination of its elementary limit and its secondary limit.

40 (d) If only subdivision (a) or (b) of this paragraph applies to a
 41 unified school district, the district's limit for the purposes of this
 42 paragraph is the sum of the limit computed as provided in subdivision (a) or
 43 (b) of this paragraph plus ten per cent of the revenue control limit
 44 attributable to those grade levels that do not meet the eligibility
 45 requirements of this subsection. If a school district budgets monies outside

1 the revenue control limit pursuant to section 15-949, subsection E, the
2 district's limit for the purposes of this paragraph is only the ten per cent
3 of the revenue control limit attributable to those grade levels that are not
4 included under section 15-949, subsection E. For the purposes of this
5 subdivision, the revenue control limit is separated into elementary and
6 secondary components based on the weighted student count as provided in
7 section 15-971, subsection B, paragraph 2, subdivision (a).

8 2. If a school district utilizes the provisions of this subsection to
9 request an override of more than one year, the ballot shall include an
10 estimate of the amount of the proposed increase in the future years in place
11 of the statement that the amount of the proposed increase will be based on a
12 percentage of the school district's revenue control limit in future years, as
13 prescribed in subsections E and F of this section.

14 3. Notwithstanding subsection ~~P~~ M of this section, the maximum period
15 of an override authorized pursuant to this subsection is five years.

16 4. Subsection ~~P~~ M, paragraphs 1 and 2 of this section do not apply to
17 overrides authorized pursuant to this subsection.

18 ~~I. If the election is to exceed the revenue control limit as provided
19 in section 15-482 and if the proposed increase will be fully funded by a levy
20 of taxes on the taxable property within the school district, the ballot shall
21 contain the words "budget increase, yes" and "budget increase, no", and the
22 voter shall signify the voter's desired choice. The ballot shall also
23 contain the amount of the proposed increase of the budget over the alternate
24 budget, a statement that the amount of the proposed increase will be based on
25 a percentage of the school district's revenue control limit in future years,
26 if applicable, as provided in subsection Q of this section, and the following
27 statement:~~

28 ~~Any budget increase authorized by this election shall be
29 entirely funded by a levy of taxes on the taxable property
30 within this school district for the year for which adopted and
31 for _____ subsequent years, shall not be realized from monies
32 furnished by the state and shall not be subject to the
33 limitation on taxes specified in article IX, section 18,
34 Constitution of Arizona. Based on an estimate of assessed
35 valuation used for secondary property tax purposes, to fund the
36 proposed increase in the school district's budget which will be
37 funded by a levy of taxes upon the taxable property within this
38 school district would require an estimated tax rate of
39 _____ dollar per one hundred dollars of assessed valuation
40 used for secondary property tax purposes and is in addition to
41 the school district's tax rate that will be levied to fund the
42 school district's revenue control limit allowed by law.~~

43 ~~J. If the election is to exceed the revenue control limit as provided
44 in section 15-482 and if the proposed increase will be fully funded by
45 revenues other than a levy of taxes on the taxable property within the school~~

1 ~~district, the ballot shall contain the words "budget increase, yes" and~~
2 ~~"budget increase, no", and the voter shall signify the voter's desired~~
3 ~~choice. The ballot shall also contain the amount of the proposed increase of~~
4 ~~the proposed budget over the alternate budget, a statement that the amount of~~
5 ~~the proposed increase will be based on a percentage of the school district's~~
6 ~~revenue control limit in future years, if applicable, as provided in~~
7 ~~subsection Q of this section and the following statement:~~

8 ~~Any budget increase authorized by this election shall be~~
9 ~~entirely funded by this school district with revenues from other~~
10 ~~than a levy of taxes on the taxable property within the school~~
11 ~~district for the year for which adopted and for _____ subsequent~~
12 ~~years and shall not be realized from monies furnished by the~~
13 ~~state.~~

14 ~~K. The maximum budget increase that may be requested and authorized as~~
15 ~~provided in subsection I or J of this section, or a combination of both of~~
16 ~~these subsections, is five per cent of the revenue control limit as provided~~
17 ~~in section 15-947, subsection A for the budget year. For a unified school~~
18 ~~district, a common school district not within a high school district or a~~
19 ~~common school district within a high school district that offers instruction~~
20 ~~in high school subjects as provided in section 15-447, five per cent of the~~
21 ~~revenue control limit means five per cent of the revenue control limit~~
22 ~~attributable to the weighted student count in preschool programs for children~~
23 ~~with disabilities, kindergarten programs and grades one through eight as~~
24 ~~provided in section 15-971, subsection B.~~

25 ~~I.~~ I. If the election is to exceed the capital outlay revenue limit
26 and if the proposed increase will be fully funded by a levy of taxes upon the
27 taxable property within the school district, the ballot shall contain the
28 words "budget increase, yes" and "budget increase, no", and the voter shall
29 signify the voter's desired choice. An election held pursuant to this
30 subsection shall be held on the first Tuesday after the first Monday of
31 November. The ballot shall also contain the amount of the proposed increase
32 of the proposed budget over the alternate budget and the following statement:

33 Any budget increase authorized by this election shall be
34 entirely funded by a levy of taxes upon the taxable property
35 within this school district for the year in which adopted and
36 for _____ subsequent years, shall not be realized from monies
37 furnished by the state and shall not be subject to the
38 limitation on taxes specified in article IX, section 18,
39 Constitution of Arizona. Based on an estimate of assessed
40 valuation used for secondary property tax purposes, to fund the
41 proposed increase in the school district's budget would require
42 an estimated tax rate of _____ dollar per one hundred
43 dollars of assessed valuation used for secondary property tax
44 purposes and is in addition to the school district's tax rate

1 which will be levied to fund the school district's capital
2 outlay revenue limit allowed by law.

3 ~~M-~~ J. If the election is to exceed the capital outlay revenue limit
4 and if the proposed increase will be fully funded by revenues from other than
5 a levy of taxes upon the taxable property within the school district, the
6 ballot shall contain the words "budget increase, yes" and "budget increase,
7 no", and the voter shall signify the voter's desired choice. An election
8 held pursuant to this subsection shall be held on the first Tuesday after the
9 first Monday of November. The ballot shall also contain the amount of the
10 proposed increase of the proposed budget over the alternate budget and the
11 following statement:

12 Any budget increase authorized by this election shall be
13 entirely funded by this school district with revenues from other
14 than a levy of taxes on the taxable property within the school
15 district for the year in which adopted and for _____ subsequent
16 years and shall not be realized from monies furnished by the
17 state.

18 ~~N-~~ K. If the election is to exceed a combination of the revenue
19 control limit as provided in subsection E or F of this section, ~~the revenue~~
20 ~~control limit as provided in subsection I or J of this section~~ or the capital
21 outlay revenue limit as provided in subsection ~~L-~~ I or ~~M-~~ J of this section,
22 the ballot shall be prepared so that the voters may vote on each proposed
23 increase separately and shall contain statements required in the same manner
24 as if each proposed increase were submitted separately.

25 ~~O-~~ L. If the election provides for a levy of taxes on the taxable
26 property within the school district, at least thirty days prior to the
27 election, the department of revenue shall provide the school district
28 governing board and the county school superintendent with an estimate of the
29 school district's assessed valuation used for secondary property tax purposes
30 for the ensuing fiscal year. The governing board and the county school
31 superintendent shall use this estimate to translate the amount of the
32 proposed dollar increase in the budget of the school district over that
33 allowed by law into a tax rate figure.

34 ~~P-~~ M. If the voters in a school district vote to adopt a budget in
35 excess of the revenue control limit as provided in subsection E or F of this
36 section, any additional increase shall be included in the aggregate budget
37 limit for each of the years authorized. Any additional increase shall be
38 excluded from the determination of equalization assistance. The school
39 district governing board ~~may~~, however, MAY levy on the assessed valuation
40 used for secondary property tax purposes of the property in the school
41 district the additional increase if adopted under subsection E of this
42 section for the period of one year, two years or five through seven years as
43 authorized. If an additional increase is approved as provided in subsection
44 F of this section, the school district governing board may only use revenues
45 derived from the school district's prior year's maintenance and operation

1 fund ending cash balance to fund the additional increase. If a budget
2 increase was previously authorized and will be in effect for the budget year
3 or budget year and subsequent years, as provided in subsection E or F of this
4 section, the governing board may request a new budget increase as provided in
5 the same subsection under which the prior budget increase was adopted which
6 shall not exceed the maximum amount permitted under subsection G of this
7 section. If the voters in the school district authorize the new budget
8 increase amount, the existing budget increase no longer is in effect. If the
9 voters in the school district do not authorize the budget increase amount,
10 the existing budget increase remains in effect for the time period for which
11 it was authorized. The maximum additional increase authorized as provided in
12 subsection E or F of this section and the additional increase which is
13 included in the aggregate budget limit is based on a percentage of a school
14 district's revenue control limit in future years, if the budget increase is
15 authorized for more than one year. If the additional increase:

16 1. Is for two years, the proposed increase in the second year is equal
17 to the initial proposed percentage increase.

18 2. Is for five years or more, the proposed increase is equal to the
19 initial proposed percentage increase in the following years of the proposed
20 increase, except that in the next to last year it is two-thirds of the
21 initial proposed percentage increase and it is one-third of the initial
22 proposed percentage increase in the last year of the proposed increase.

23 ~~Q. If the voters in a school district vote to adopt a budget in excess~~
24 ~~of the revenue control limit as provided in subsection I or J of this~~
25 ~~section, any additional increase shall be included in the aggregate budget~~
26 ~~limit for each of the years authorized. Any additional increase shall be~~
27 ~~excluded from the determination of equalization assistance. The school~~
28 ~~district governing board, however, may levy on the assessed valuation used~~
29 ~~for secondary property tax purposes of the property in the school district~~
30 ~~the additional increase if adopted under subsection I of this section for the~~
31 ~~period of one year, two years or five through seven years as authorized. If~~
32 ~~an additional increase is approved as provided in subsection J of this~~
33 ~~section, the increase may only be budgeted and expended if sufficient monies~~
34 ~~are available in the maintenance and operation fund of the school district.~~
35 ~~If a budget increase was previously authorized and will be in effect for the~~
36 ~~budget year or budget year and subsequent years, as provided in subsection I~~
37 ~~or J of this section, the governing board may request a new budget increase~~
38 ~~as provided in the same subsection under which the prior budget increase was~~
39 ~~adopted that does not exceed the maximum amount permitted under subsection K~~
40 ~~of this section. If the voters in the school district authorize the new~~
41 ~~budget increase amount, the existing budget increase no longer is in effect.~~
42 ~~If the voters in the school district do not authorize the budget increase~~
43 ~~amount, the existing budget increase remains in effect for the time period~~
44 ~~for which it was authorized. The maximum additional increase authorized as~~
45 ~~provided in subsection I or J of this section and the additional increase~~

1 ~~that is included in the aggregate budget limit is based on a percentage of a~~
2 ~~school district's revenue control limit in future years, if the budget~~
3 ~~increase is authorized for more than one year. If the additional increase:~~

4 ~~1. Is for two years, the proposed increase in the second year is equal~~
5 ~~to the initial proposed percentage increase.~~

6 ~~2. Is for five years or more, the proposed increase is equal to the~~
7 ~~initial proposed percentage increase in the following years of the proposed~~
8 ~~increase, except that in the next to last year it is two thirds of the~~
9 ~~initial proposed percentage increase and it is one third of the initial~~
10 ~~proposed percentage increase in the last year of the proposed increase.~~

11 ~~R.~~ N. If the voters in a school district vote to adopt a budget in
12 excess of the capital outlay revenue limit as provided in subsection ~~L~~ I of
13 this section, any additional increase shall be included in the aggregate
14 budget limit for each of the years authorized. The additional increase shall
15 be excluded from the determination of equalization assistance. The school
16 district governing board ~~may~~, however, MAY levy on the assessed valuation
17 used for secondary property tax purposes of the property in the school
18 district the additional increase for the period authorized but not to exceed
19 ten years. For overrides approved by a vote of the qualified electors of the
20 school district at an election held from and after October 31, 1998, the
21 period of the additional increase prescribed in this subsection shall not
22 exceed seven years for any capital override election.

23 ~~S.~~ O. If the voters in a school district vote to adopt a budget in
24 excess of the capital outlay revenue limit as provided in subsection ~~M~~ J of
25 this section, any additional increase shall be included in the aggregate
26 budget limit for each of the years authorized. The additional increase shall
27 be excluded from the determination of equalization assistance. The school
28 district governing board may only use revenues derived from the school
29 district's prior year's maintenance and operation fund ending cash balance
30 and capital outlay fund ending cash balance to fund the additional increase
31 for the period authorized but not to exceed ten years. For overrides
32 approved by a vote of the qualified electors of the school district at an
33 election held from and after October 31, 1998, the period of the additional
34 increase prescribed in this subsection shall not exceed seven years for any
35 capital override election.

36 ~~T.~~ P. In addition to subsections ~~P~~ M and ~~S~~ O of this section, from
37 the maintenance and operation fund and capital outlay fund ending cash
38 balances, the school district governing board shall first use any available
39 revenues to reduce its primary tax rate to zero and shall use any remaining
40 revenues to fund the additional increase authorized as provided in
41 subsections F and ~~M~~ J of this section.

42 ~~U.~~ Q. If the voters in a school district disapprove the proposed
43 budget, the alternate budget which, except for any budget increase authorized
44 by a prior election, does not include an increase in the budget in excess of

1 the amount provided in section 15-905 shall be adopted by the governing board
2 as provided in section 15-905.

3 ~~V~~ R. The governing board may request that any override election be
4 cancelled if any change in chapter 9 of this title changes the amount of the
5 aggregate budget limit as provided in section 15-905. The request to cancel
6 the override election shall be made to the county school superintendent at
7 least ten days prior to the date of the scheduled override election.

8 ~~W~~ S. For any election conducted pursuant to subsection ~~I~~ I or ~~M~~ J
9 of this section:

10 1. The ballot shall include the following statement in addition to any
11 other statement required by this section:

12 The capital improvements that are proposed to be funded
13 through this override election are to exceed the state standards
14 and are in addition to monies provided by the state.

15 _____ school district is proposing to increase its
16 budget by \$_____ to fund capital improvements over and
17 above those funded by the state. Under the students first
18 capital funding system, _____ school district is entitled to
19 state monies for building renewal, new construction and
20 renovation of school buildings in accordance with state law.

21 2. The ballot shall contain the words "budget increase, yes" and
22 "budget increase, no", and the voter shall signify the voter's desired
23 choice.

24 3. At least eighty-five days before the election, the school district
25 shall submit proposed ballot language to the director of the Arizona
26 legislative council. The director of the Arizona legislative council shall
27 review the proposed ballot language to determine whether the proposed ballot
28 language complies with this section. If the director of the Arizona
29 legislative council determines that the proposed ballot language does not
30 comply with this section, the director, within ten calendar days of the
31 receipt of the proposed ballot language, shall notify the school district of
32 the director's objections and the school district shall resubmit revised
33 ballot language to the director for approval.

34 ~~X~~ T. If the voters approve the budget increase pursuant to
35 subsection ~~I~~ I or ~~M~~ J of this section, the school district shall not use
36 the override proceeds for any purposes other than the proposed capital
37 improvements listed in the publicity pamphlet, except that up to ten per cent
38 of the override proceeds may be used for general capital expenses, including
39 cost overruns of proposed capital improvements.

40 ~~Y~~ U. Each school district that currently increases its budget
41 pursuant to subsection ~~I~~ I or ~~M~~ J of this section is required to hold a
42 public meeting each year between September 1 and October 31 at which an
43 update of the progress of capital improvements financed through the override
44 is discussed and at which the public is permitted an opportunity to comment.
45 At a minimum, the update shall include a comparison of the current status and

1 the original projections on the construction of capital improvements, the
2 costs of capital improvements and the costs of capital improvements in
3 progress or completed since the prior meeting and the future capital plans of
4 the school district. The school district shall include in the public meeting
5 a discussion of the school district's use of state capital aid and
6 voter-approved bonding in funding capital improvements, if any.

7 ~~Z-~~ V. If a budget in excess of the capital outlay revenue limit was
8 previously adopted by the voters in a school district and will be in effect
9 for the budget year or budget year and subsequent years, as provided in
10 subsection ~~L-~~ I or ~~M-~~ J of this section, the governing board may request an
11 additional budget in excess of the capital outlay revenue limit. If the
12 voters in a school district authorize the additional budget in excess of the
13 capital outlay revenue limit, the existing capital outlay revenue limit
14 budget increase remains in effect.

15 Sec. 4. Section 15-901, Arizona Revised Statutes, is amended to read:

16 15-901. Definitions

17 A. In this title, unless the context otherwise requires:

18 1. "Average daily attendance" or "ADA" means actual average daily
19 attendance through the first one hundred days or two hundred days in session,
20 as applicable.

21 2. "Average daily membership" means the total enrollment of fractional
22 students and full-time students, minus withdrawals, of each school day
23 through the first one hundred days or two hundred days in session, as
24 applicable, for the current year. Withdrawals include students formally
25 withdrawn from schools and students absent for ten consecutive school days,
26 except for excused absences as identified by the department of education.
27 For computation purposes, the effective date of withdrawal shall be
28 retroactive to the last day of actual attendance of the student.

29 (a) "Fractional student" means:

30 (i) For common schools, until fiscal year 2001-2002, a preschool child
31 who is enrolled in a program for preschool children with disabilities of at
32 least three hundred sixty minutes each week or a kindergarten student at
33 least five years of age prior to January 1 of the school year and enrolled in
34 a school kindergarten program that meets at least three hundred forty-six
35 instructional hours during the minimum number of days required in a school
36 year as provided in section 15-341. In fiscal year 2001-2002, the
37 kindergarten program shall meet at least three hundred forty-eight hours. In
38 fiscal year 2002-2003, the kindergarten program shall meet at least three
39 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program
40 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,
41 the kindergarten program shall meet at least three hundred fifty-four hours.
42 In fiscal year 2005-2006 and each fiscal year thereafter, the kindergarten
43 program shall meet at least three hundred fifty-six hours. Lunch periods and
44 recess periods may not be included as part of the instructional hours unless
45 the child's individualized education program requires instruction during

1 those periods and the specific reasons for such instruction are fully
2 documented. In computing the average daily membership, preschool children
3 with disabilities and kindergarten students shall be counted as one-half of a
4 full-time student. For common schools, a part-time student is a student
5 enrolled for less than the total time for a full-time student as defined in
6 this section. A part-time common school student shall be counted as
7 one-fourth, one-half or three-fourths of a full-time student if the student
8 is enrolled in an instructional program that is at least one-fourth, one-half
9 or three-fourths of the time a full-time student is enrolled as defined in
10 subdivision (b) of this paragraph.

11 (ii) For high schools, a part-time student who is enrolled in less
12 than four subjects that count toward graduation as defined by the state board
13 of education in a recognized high school and who is taught in less than
14 twenty instructional hours per week prorated for any week with fewer than
15 five school days. A part-time high school student shall be counted as
16 one-fourth, one-half or three-fourths of a full-time student if the student
17 is enrolled in an instructional program that is at least one-fourth, one-half
18 or three-fourths of a full-time instructional program as defined in
19 subdivision (c) of this paragraph.

20 (b) "Full-time student" means:

21 (i) For common schools, a student who is at least six years of age
22 prior to January 1 of a school year, who has not graduated from the highest
23 grade taught in the school district and who is regularly enrolled in a course
24 of study required by the state board of education. Until fiscal year
25 2001-2002, first, second and third grade students, ungraded students at least
26 six, but under nine, years of age by September 1 or ungraded group B children
27 with disabilities who are at least five, but under six, years of age by
28 September 1 must be enrolled in an instructional program that meets for a
29 total of at least six hundred ninety-two hours during the minimum number of
30 days required in a school year as provided in section 15-341. In fiscal year
31 2001-2002, the program shall meet at least six hundred ninety-six hours. In
32 fiscal year 2002-2003, the program shall meet at least seven hundred hours.
33 In fiscal year 2003-2004, the program shall meet at least seven hundred four
34 hours. In fiscal year 2004-2005, the program shall meet at least seven
35 hundred eight hours. In fiscal year 2005-2006 and in each fiscal year
36 thereafter, the program shall meet at least seven hundred twelve hours.
37 Until fiscal year 2001-2002, fourth, fifth and sixth grade students or
38 ungraded students at least nine, but under twelve, years of age by September
39 1 must be enrolled in an instructional program that meets for a total of at
40 least eight hundred sixty-five hours during the minimum number of school days
41 required in a school year as provided in section 15-341. In fiscal year
42 2001-2002, the program shall meet at least eight hundred seventy hours. In
43 fiscal year 2002-2003, the program shall meet at least eight hundred
44 seventy-five hours. In fiscal year 2003-2004, the program shall meet at least
45 eight hundred eighty hours. In fiscal year 2004-2005, the program shall meet

1 at least eight hundred eighty-five hours. In fiscal year 2005-2006 and each
2 fiscal year thereafter, the program shall meet at least eight hundred ninety
3 hours. Until fiscal year 2001-2002, seventh and eighth grade students or
4 ungraded students at least twelve, but under fourteen, years of age by
5 September 1 must be enrolled in an instructional program that meets for a
6 total of at least one thousand thirty-eight hours during the minimum number
7 of days required in a school year as provided in section 15-341. In fiscal
8 year 2001-2002, the program shall meet at least one thousand forty-four
9 hours. In fiscal year 2002-2003, the program shall meet at least one
10 thousand fifty hours. In fiscal year 2003-2004, the program shall meet at
11 least one thousand fifty-six hours. In fiscal year 2004-2005, the program
12 shall meet at least one thousand sixty-two hours. In fiscal year 2005-2006
13 and each fiscal year thereafter, the program shall meet at least one thousand
14 sixty-eight hours. Lunch periods and recess periods may not be included as
15 part of the instructional hours unless the student is a child with a
16 disability and the child's individualized education program requires
17 instruction during those periods and the specific reasons for such
18 instruction are fully documented.

19 (ii) For high schools, except as provided in section 15-105, a student
20 not graduated from the highest grade taught in the school district, or an
21 ungraded student at least fourteen years of age by September 1, and enrolled
22 in at least a full-time instructional program of subjects that count toward
23 graduation as defined by the state board of education in a recognized high
24 school. A full-time student shall not be counted more than once for
25 computation of average daily membership.

26 (iii) For homebound or hospitalized, a student receiving at least four
27 hours of instruction per week.

28 (c) "Full-time instructional program" means:

29 (i) Through fiscal year 2000-2001, at least four subjects, each of
30 which, if taught each school day for the minimum number of days required in a
31 school year, would meet a minimum of one hundred twenty hours a year, or the
32 equivalent, or one or more subjects taught in amounts of time totaling at
33 least twenty hours per week prorated for any week with fewer than five school
34 days.

35 (ii) For fiscal year 2001-2002, an instructional program that meets at
36 least a total of seven hundred four hours during the minimum number of days
37 required and includes at least four subjects each of which, if taught each
38 school day for the minimum number of days required in a school year, would
39 meet a minimum of one hundred twenty-two hours a year, or the equivalent, or
40 one or more subjects taught in amounts of time totaling at least twenty hours
41 per week prorated for any week with fewer than five school days.

42 (iii) For fiscal year 2002-2003, an instructional program that meets
43 at least a total of seven hundred eight hours during the minimum number of
44 days required and includes at least four subjects each of which, if taught
45 each school day for the minimum number of days required in a school year,

1 would meet a minimum of one hundred twenty-two hours a year, or the
2 equivalent, or one or more subjects taught in amounts of time totaling at
3 least twenty hours per week prorated for any week with fewer than five school
4 days.

5 (iv) For fiscal year 2003-2004, an instructional program that meets at
6 least a total of seven hundred twelve hours during the minimum number of days
7 required and includes at least four subjects each of which, if taught each
8 school day for the minimum number of days required in a school year, would
9 meet a minimum of one hundred twenty-three hours a year, or the equivalent,
10 or one or more subjects taught in amounts of time totaling at least twenty
11 hours per week prorated for any week with fewer than five school days.

12 (v) For fiscal year 2004-2005, an instructional program that meets at
13 least a total of seven hundred sixteen hours during the minimum number of
14 days required and includes at least four subjects each of which, if taught
15 each school day for the minimum number of days required in a school year,
16 would meet a minimum of one hundred twenty-three hours a year, or the
17 equivalent, or one or more subjects taught in amounts of time totaling at
18 least twenty hours per week prorated for any week with fewer than five school
19 days.

20 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an
21 instructional program that meets at least a total of seven hundred twenty
22 hours during the minimum number of days required and includes at least four
23 subjects each of which, if taught each school day for the minimum number of
24 days required in a school year, would meet a minimum of one hundred
25 twenty-three hours a year, or the equivalent, or one or more subjects taught
26 in amounts of time totaling at least twenty hours per week prorated for any
27 week with fewer than five school days.

28 3. "Budget year" means the fiscal year for which the school district
29 is budgeting and which immediately follows the current year.

30 4. "Common school district" means a political subdivision of this
31 state offering instruction to students in programs for preschool children
32 with disabilities and kindergarten programs and grades one through eight.

33 5. "Current year" means the fiscal year in which a school district is
34 operating.

35 6. "Daily attendance" means:

36 (a) For common schools, days in which a pupil:

37 (i) Of a kindergarten program or ungraded, but not group B children
38 with disabilities, and at least five, but under six, years of age by
39 September 1 attends at least three-quarters of the instructional time
40 scheduled for the day. If the total instruction time scheduled for the year
41 is at least three hundred forty-six hours but is less than six hundred
42 ninety-two hours such attendance shall be counted as one-half day of
43 attendance. If the instructional time scheduled for the year is at least six
44 hundred ninety-two hours, "daily attendance" means days in which a pupil

1 attends at least one-half of the instructional time scheduled for the day.
2 Such attendance shall be counted as one-half day of attendance.

3 (ii) Of the first, second or third grades, ungraded and at least six,
4 but under nine, years of age by September 1 or ungraded group B children with
5 disabilities and at least five, but under six, years of age by September 1
6 attends more than three-quarters of the instructional time scheduled for the
7 day.

8 (iii) Of the fourth, fifth or sixth grades or ungraded and at least
9 nine, but under twelve, years of age by September 1 attends more than
10 three-quarters of the instructional time scheduled for the day, except as
11 provided in section 15-797.

12 (iv) Of the seventh or eighth grades or ungraded and at least twelve,
13 but under fourteen, years of age by September 1 attends more than
14 three-quarters of the instructional time scheduled for the day, except as
15 provided in section 15-797.

16 (b) For common schools, the attendance of a pupil at three-quarters or
17 less of the instructional time scheduled for the day shall be counted as
18 follows, except as provided in section 15-797 and except that attendance for
19 a fractional student shall not exceed the pupil's fractional membership:

20 (i) If attendance for all pupils in the school is based on quarter
21 days, the attendance of a pupil shall be counted as one-fourth of a day's
22 attendance for each one-fourth of full-time instructional time attended.

23 (ii) If attendance for all pupils in the school is based on half days,
24 the attendance of at least three-quarters of the instructional time scheduled
25 for the day shall be counted as a full day's attendance and attendance at a
26 minimum of one-half but less than three-quarters of the instructional time
27 scheduled for the day equals one-half day of attendance.

28 (c) For common schools, the attendance of a preschool child with
29 disabilities shall be counted as one-fourth day's attendance for each
30 thirty-six minutes of attendance not including lunch periods and recess
31 periods, except as provided in paragraph 2, subdivision (a), item (i) of this
32 subsection for children with disabilities up to a maximum of three hundred
33 sixty minutes each week.

34 (d) For high schools or ungraded schools in which the pupil is at
35 least fourteen years of age by September 1, the attendance of a pupil shall
36 not be counted as a full day unless the pupil is actually and physically in
37 attendance and enrolled in and carrying four subjects, each of which, if
38 taught each school day for the minimum number of days required in a school
39 year, would meet a minimum of one hundred twenty hours a year, or the
40 equivalent, that count toward graduation in a recognized high school except
41 as provided in section 15-797 and subdivision (e) of this paragraph.
42 Attendance of a pupil carrying less than the load prescribed shall be
43 prorated.

44 (e) For high schools or ungraded schools in which the pupil is at
45 least fourteen years of age by September 1, the attendance of a pupil may be

1 counted as one-fourth of a day's attendance for each sixty minutes of
2 instructional time in a subject that counts toward graduation, except that
3 attendance for a pupil shall not exceed the pupil's full or fractional
4 membership.

5 (f) For homebound or hospitalized, a full day of attendance may be
6 counted for each day during a week in which the student receives at least
7 four hours of instruction.

8 (g) For school districts which maintain school for an approved
9 year-round school year operation, attendance shall be based on a computation,
10 as prescribed by the superintendent of public instruction, of the one hundred
11 eighty days' equivalency or two hundred days' equivalency, as applicable, of
12 instructional time as approved by the superintendent of public instruction
13 during which each pupil is enrolled.

14 7. "Daily route mileage" means the sum of:

15 (a) The total number of miles driven daily by all buses of a school
16 district while transporting eligible students from their residence to the
17 school of attendance and from the school of attendance to their residence on
18 scheduled routes approved by the superintendent of public instruction.

19 (b) The total number of miles driven daily on routes approved by the
20 superintendent of public instruction for which a private party, a political
21 subdivision or a common or a contract carrier is reimbursed for bringing an
22 eligible student from the place of his residence to a school transportation
23 pickup point or to the school of attendance and from the school
24 transportation scheduled return point or from the school of attendance to his
25 residence. Daily route mileage includes the total number of miles necessary
26 to drive to transport eligible students from and to their residence as
27 provided in this paragraph.

28 8. "District support level" means the base support level plus the
29 transportation support level.

30 9. "Eligible students" means:

31 (a) Students who are transported by or for a school district and who
32 qualify as full-time students or fractional students, except students for
33 whom transportation is paid by another school district or a county school
34 superintendent, and:

35 (i) For common school students, whose place of actual residence within
36 the school district is more than one mile from the school facility of
37 attendance or students who are admitted pursuant to section 15-816.01 and who
38 meet the economic eligibility requirements established under the national
39 school lunch and child nutrition acts (42 United States Code sections 1751
40 through 1785) for free or reduced price lunches and whose actual place of
41 residence outside the school district boundaries is more than one mile from
42 the school facility of attendance.

43 (ii) For high school students, whose place of actual residence within
44 the school district is more than one and one-half miles from the school
45 facility of attendance or students who are admitted pursuant to section

1 15-816.01 and who meet the economic eligibility requirements established
2 under the national school lunch and child nutrition acts (42 United States
3 Code sections 1751 through 1785) for free or reduced price lunches and whose
4 actual place of residence outside the school district boundaries is more than
5 one and one-half miles from the school facility of attendance.

6 (b) Kindergarten students, for purposes of computing the number of
7 eligible students under subdivision (a), item (i) of this paragraph, shall be
8 counted as full-time students, notwithstanding any other provision of law.

9 (c) Children with disabilities, as defined by section 15-761, who are
10 transported by or for the school district or who are admitted pursuant to
11 chapter 8, article 1.1 of this title and who qualify as full-time students or
12 fractional students regardless of location or residence within the school
13 district or children with disabilities whose transportation is required by
14 the pupil's individualized education program.

15 (d) Students whose residence is outside the school district and who
16 are transported within the school district on the same basis as students who
17 reside in the school district.

18 10. "Enrolled" or "enrollment" means when a pupil is currently
19 registered in the school district.

20 11. "GDP price deflator" means the average of the four implicit price
21 deflators for the gross domestic product reported by the United States
22 department of commerce for the four quarters of the calendar year.

23 12. "High school district" means a political subdivision of this state
24 offering instruction to students for grades nine through twelve or that
25 portion of the budget of a common school district which is allocated to
26 teaching high school subjects with permission of the state board of
27 education.

28 13. "Revenue control limit" means the base revenue control limit plus
29 the transportation revenue control limit.

30 14. "Student count" means average daily membership as prescribed in
31 this subsection for the fiscal year prior to the current year, except that
32 for the purpose of budget preparation student count means average daily
33 membership as prescribed in this subsection for the current year.

34 15. "Submit electronically" means submitted in a format and in a manner
35 prescribed by the department of education.

36 16. "Total bus mileage" means the total number of miles driven by all
37 buses of a school district during the school year.

38 17. "Total students transported" means all eligible students
39 transported from their place of residence to a school transportation pickup
40 point or to the school of attendance and from the school of attendance or
41 from the school transportation scheduled return point to their place of
42 residence.

43 18. "Unified school district" means a political subdivision of the
44 state offering instruction to students in programs for preschool children
45 with disabilities and kindergarten programs and grades one through twelve.

1 B. In this title, unless the context otherwise requires:

2 1. "Base" means the revenue level per student count specified by the
3 legislature.

4 2. "Base level" means:

5 (a) For fiscal year 2006-2007, three thousand one hundred thirty-three
6 dollars fifty-three cents.

7 (b) For fiscal year 2007-2008, three thousand two hundred twenty-six
8 dollars eighty-eight cents.

9 (c) FOR FISCAL YEAR 2008-2009, THREE THOUSAND TWO HUNDRED NINETY-ONE
10 DOLLARS FORTY-TWO CENTS.

11 3. "Base revenue control limit" means the base revenue control limit
12 computed as provided in section 15-944.

13 4. "Base support level" means the base support level as provided in
14 section 15-943.

15 5. "Certified teacher" means a person who is certified as a teacher
16 pursuant to the rules adopted by the state board of education, who renders
17 direct and personal services to school children in the form of instruction
18 related to the school district's educational course of study and who is paid
19 from the maintenance and operation section of the budget.

20 6. "ED, MIMR, SLD, SLI and OHI" means programs for children with
21 emotional disabilities, mild mental retardation, a specific learning
22 disability, a speech/language impairment and other health impairments.

23 7. "ED-P" means programs for children with emotional disabilities who
24 are enrolled in private special education programs as prescribed in section
25 15-765, subsection D, paragraph 1 or in an intensive school district program
26 as provided in section 15-765, subsection D, paragraph 2.

27 8. "ELL" means English learners who do not speak English or whose
28 native language is not English, who are not currently able to perform
29 ordinary classroom work in English and who are enrolled in an English
30 language education program pursuant to sections 15-751, 15-752 and 15-753.

31 9. "Full-time equivalent certified teacher" or "FTE certified teacher"
32 means for a certified teacher the following:

33 (a) If employed full time as defined in section 15-501, 1.00.

34 (b) If employed less than full time, multiply 1.00 by the percentage
35 of a full school day, or its equivalent, or a full class load, or its
36 equivalent, for which the teacher is employed as determined by the governing
37 board.

38 10. "Group A" means educational programs for career exploration, a
39 specific learning disability, an emotional disability, mild mental
40 retardation, remedial education, a speech/language impairment, homebound,
41 bilingual, preschool moderate delay, preschool speech/language delay, other
42 health impairments and gifted pupils.

43 11. "Group B" means educational improvements for pupils in kindergarten
44 programs and grades one through three, educational programs for autism, a
45 hearing impairment, moderate mental retardation, multiple disabilities,

1 multiple disabilities with severe sensory impairment, orthopedic impairments,
2 preschool severe delay, severe mental retardation and emotional disabilities
3 for school age pupils enrolled in private special education programs or in
4 school district programs for children with severe disabilities or visual
5 impairment and English learners enrolled in a program to promote English
6 language proficiency pursuant to section 15-752.

7 12. "HI" means programs for pupils with hearing impairment.

8 13. "Homebound" or "hospitalized" means a pupil who is capable of
9 profiting from academic instruction but is unable to attend school due to
10 illness, disease, accident or other health conditions, who has been examined
11 by a competent medical doctor and who is certified by that doctor as being
12 unable to attend regular classes for a period of not less than three school
13 months or a pupil who is capable of profiting from academic instruction but
14 is unable to attend school regularly due to chronic or acute health problems,
15 who has been examined by a competent medical doctor and who is certified by
16 that doctor as being unable to attend regular classes for intermittent
17 periods of time totaling three school months during a school year. The
18 medical certification shall state the general medical condition, such as
19 illness, disease or chronic health condition, that is the reason that the
20 pupil is unable to attend school. Homebound or hospitalized includes a
21 student who is unable to attend school for a period of less than three months
22 due to a pregnancy if a competent medical doctor, after an examination,
23 certifies that the student is unable to attend regular classes due to risk to
24 the pregnancy or to the student's health.

25 14. "K" means kindergarten programs.

26 15. "K-3" means kindergarten programs and grades one through three.

27 16. "MD-R, A-R and SMR-R" means resource programs for pupils with
28 multiple disabilities, autism and severe mental retardation.

29 17. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils
30 with multiple disabilities, autism and severe mental retardation.

31 18. "MDSSI" means a program for pupils with multiple disabilities with
32 severe sensory impairment.

33 19. "MOMR" means programs for pupils with moderate mental retardation.

34 20. "OI-R" means a resource program for pupils with orthopedic
35 impairments.

36 21. "OI-SC" means a self-contained program for pupils with orthopedic
37 impairments.

38 22. "PSD" means preschool programs for children with disabilities as
39 provided in section 15-771.

40 23. "P-SD" means programs for children who meet the definition of
41 preschool severe delay as provided in section 15-771.

42 24. "Qualifying tax rate" means the qualifying tax rate specified in
43 section 15-971 applied to the assessed valuation used for primary property
44 taxes.

1 25. "Small isolated school district" means a school district which
2 meets all of the following:

3 (a) Has a student count of fewer than six hundred in kindergarten
4 programs and grades one through eight or grades nine through twelve.

5 (b) Contains no school which is fewer than thirty miles by the most
6 reasonable route from another school, or, if road conditions and terrain make
7 the driving slow or hazardous, fifteen miles from another school which
8 teaches one or more of the same grades and is operated by another school
9 district in this state.

10 (c) Is designated as a small isolated school district by the
11 superintendent of public instruction.

12 26. "Small school district" means a school district which meets all of
13 the following:

14 (a) Has a student count of fewer than six hundred in kindergarten
15 programs and grades one through eight or grades nine through twelve.

16 (b) Contains at least one school which is fewer than thirty miles by
17 the most reasonable route from another school which teaches one or more of
18 the same grades and is operated by another school district in this state.

19 (c) Is designated as a small school district by the superintendent of
20 public instruction.

21 27. "Transportation revenue control limit" means the transportation
22 revenue control limit computed as prescribed in section 15-946.

23 28. "Transportation support level" means the support level for pupil
24 transportation operating expenses as provided in section 15-945.

25 29. "VI" means programs for pupils with visual impairments.

26 30. "Voc. Ed." means career and technical education and vocational
27 education programs, as defined in section 15-781.

28 Sec. 5. Section 15-945, Arizona Revised Statutes, is amended to read:
29 15-945. Transportation support level

30 A. The support level for to and from school for each school district
31 for the current year shall be computed as follows:

32 1. Determine the approved daily route mileage of the school district
33 for the fiscal year prior to the current year.

34 2. Multiply the figure obtained in paragraph 1 of this subsection by
35 one hundred eighty.

36 3. Determine the number of eligible students transported in the fiscal
37 year prior to the current year.

38 4. Divide the amount determined in paragraph 1 of this subsection by
39 the amount determined in paragraph 3 of this subsection to determine the
40 approved daily route mileage per eligible student transported.

41 5. Determine the classification in column 1 of this paragraph for the
42 quotient determined in paragraph 4 of this subsection. Multiply the product
43 obtained in paragraph 2 of this subsection by the corresponding state support
44 level for each route mile as provided in column 2 of this paragraph.

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route	State Support Level per
Mileage per Eligible	Route Mile for
<u>Student Transported</u>	<u>Fiscal Year</u> 2007-2008 2008-2009
0.5 or less	\$2.23 \$2.27
More than 0.5 through 1.0	\$1.81 \$1.85
More than 1.0	\$2.23 \$2.27

6. Add the amount spent during the prior fiscal year for bus tokens and bus passes for students who qualify as eligible students as defined in section 15-901.

B. The support level for academic education, career and technical education, vocational education and athletic trips for each school district for the current year is computed as follows:

1. Determine the classification in column 1 of paragraph 2 of this subsection for the quotient determined in subsection A, paragraph 4 of this section.

2. Multiply the product obtained in subsection A, paragraph 5 of this section by the corresponding state support level for academic education, career and technical education, vocational education and athletic trips as provided in column 2, 3 or 4 of this paragraph, whichever is appropriate for the type of district.

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
Approved Daily Route	District Type	District Type	District Type
Mileage per Eligible	02 or 03	04	05
<u>Student Transported</u>	<u>02 or 03</u>	<u>04</u>	<u>05</u>
0.5 or less	0.15	0.10	0.25
More than 0.5 through 1.0	0.15	0.10	0.25
More than 1.0	0.18	0.12	0.30

For the purposes of this paragraph, "district type 02" means a unified school district or an accommodation school that offers instruction in grades nine through twelve, "district type 03" means a common school district not within a high school district, "district type 04" means a common school district within a high school district or an accommodation school that does not offer instruction in grades nine through twelve and "district type 05" means a high school district.

C. The support level for extended school year services for pupils with disabilities is computed as follows:

1. Determine the sum of the following:

(a) The total number of miles driven by all buses of a school district while transporting eligible pupils with disabilities on scheduled routes from their residence to the school of attendance and from the school of attendance to their residence on routes for extended school year services in accordance with section 15-881.

(b) The total number of miles driven on routes approved by the superintendent of public instruction for which a private party, a political

1 subdivision or a common or a contract carrier is reimbursed for bringing an
2 eligible pupil with a disability from the place of the pupil's residence to a
3 school transportation pickup point or to the school facility of attendance
4 and from the school transportation scheduled return point or from the school
5 facility to the pupil's residence for extended school year services in
6 accordance with section 15-881.

7 2. Multiply the sum determined in paragraph 1 of this subsection by
8 the state support level for the district determined as provided in subsection
9 A, paragraph 5 of this section.

10 D. The transportation support level for each school district for the
11 current year is the sum of the support level for to and from school as
12 determined in subsection A of this section, the support level for academic
13 education, career and technical education, vocational education and athletic
14 trips as determined in subsection B of this section and the support level for
15 extended school year services for pupils with disabilities as determined in
16 subsection C of this section.

17 E. The state support level for each approved route mile, as provided
18 in subsection A, paragraph 5 of this section, shall be adjusted by the growth
19 rate prescribed by law, subject to appropriation.

20 Sec. 6. Section 15-1102, Arizona Revised Statutes, is amended to read:

21 15-1102. Disposition of proceeds from sale or lease of school
22 property; school plant monies; payment of bonded
23 indebtedness; definition

24 A. The governing board, or the superintendent or chief administrative
25 officer with the approval of the governing board, may expend the proceeds
26 from the sale or lease of school property for the payment of any outstanding
27 bonded indebtedness of the school district or for the reduction of school
28 district taxes.

29 B. A common school district or high school district which has an
30 outstanding bonded indebtedness of seven per cent of the current year's
31 assessed valuation or less or a unified school district which has an
32 outstanding bonded indebtedness of fourteen per cent of the current year's
33 assessed valuation or less may expend the proceeds from the sale or lease of
34 school property for maintenance and operation or capital outlay, subject to
35 the following limitations:

36 1. During the period that proceeds from the sale or lease of school
37 property are used for capital outlay, the school district shall not call an
38 override election to exceed the capital outlay revenue limit, except that
39 during the last year of that period the school district may authorize an
40 override election to exceed the capital outlay revenue limit beginning with
41 the following year.

42 2. The total sum of the proceeds from the sale of school property
43 before July 1, 1998 or the lease of school property for more than one year
44 expended for maintenance and operation shall not exceed fifteen per cent of
45 the revenue control limit as provided in section 15-947, subsection A in any

1 year of which ten per cent may be used without voter approval and an
2 additional five per cent may be used if the additional amount is approved by
3 a majority of the qualified electors voting in an election called for such
4 purposes. The election shall be conducted and notice and ballots shall be
5 prepared as provided in section 15-481. Proceeds from the sale of school
6 property from and after June 30, 1998 shall not be expended for maintenance
7 and operation.

8 3. In any fiscal year in which a district utilizes budget increases as
9 authorized in section 15-481, subsection E or F or section 15-482 or utilizes
10 the proceeds from the sale of school property before July 1, 1998 or the
11 lease of school property for more than one year for maintenance and operation
12 or any combination of these provisions, the total amount of these increases
13 which may be expended is equal to fifteen per cent of the revenue control
14 limit for that year as provided in section 15-947, subsection A, provided
15 that the following maximum amount is attributable to the use of any one
16 provision:

17 (a) Fifteen per cent of the revenue control limit when using the
18 proceeds from the sale before July 1, 1998 or lease of school property for
19 maintenance and operation as provided in this section.

20 (b) ~~Ten~~ FIFTEEN per cent of the revenue control limit when using a
21 budget increase as provided in section 15-481, subsection E or F, or both.

22 (c) Five per cent of the revenue control limit when using a budget
23 increase as provided in section 15-482.

24 C. A common school district or high school district which has an
25 outstanding bonded indebtedness of greater than seven per cent of the current
26 year's assessed valuation or a unified school district which has an
27 outstanding bonded indebtedness of greater than fourteen per cent of the
28 current year's assessed valuation may expend the proceeds from the lease or
29 sale of school property as follows:

30 1. For maintenance and operation the expenditure may not exceed the
31 lesser of the limit in subsection B, paragraph 2 or 3 of this section or the
32 amount of the proceeds from the lease of school property multiplied by .25.

33 2. For capital outlay, the expenditure of the proceeds:

34 (a) From the sale of school property may not exceed the amount of the
35 proceeds multiplied by .62.

36 (b) From the lease of school property is not limited.

37 D. The governing board, or the superintendent or chief administrative
38 officer with the approval of the governing board, shall promptly deposit
39 monies received for and derived from the sale or lease of school property
40 with the county treasurer who shall establish three school plant funds, one
41 fund for monies received from the sale before July 1, 1998 or lease of school
42 property for more than one year, one fund for monies received from the sale
43 of school property from and after June 30, 1998 and one fund for monies
44 received from the lease of school property for one year or less. The county
45 treasurer shall credit the deposits to the respective school plant fund of

1 the respective school district. Monies placed to the credit of the school
2 plant funds may be expended as provided in this section. The school plant
3 funds are continuing funds not subject to reversion.

4 E. Notwithstanding subsection C of this section, the governing board,
5 or the superintendent or chief administrative officer with the approval of
6 the governing board, may expend the proceeds from the sale before July 1,
7 1998 or lease of school property for the additional maintenance and
8 operations expenses incurred as the result of operating on a year-round
9 school year operation basis pursuant to section 15-855. The amount that the
10 governing board, superintendent or chief administrative officer may expend
11 for a year-round school year operation, as provided in this subsection, is
12 limited to the actual maintenance and operations costs incurred as the result
13 of the year-round school year operation as documented in the school
14 district's budget as provided in section 15-855. A governing board,
15 superintendent or chief administrative officer that utilizes the provisions
16 of this subsection is subject to all other limitations prescribed in this
17 section regarding the expenditure of proceeds from the sale before July 1,
18 1998 or lease of school property.

19 F. Notwithstanding subsections B and D of this section, if the school
20 district electors approve the sale of school property and the use of the
21 proceeds for the purchase of school sites or the construction, improvement or
22 furnishing of school facilities, the proceeds from the sale shall be put in a
23 separate fund for use for the approved purpose as prescribed by the uniform
24 system of financial records. This fund is a continuing fund not subject to
25 reversion, except that after ten years any unexpended monies shall be put in
26 the school plant fund for use as prescribed in this section.

27 G. Proceeds from sales by condemnation or sales under threat of
28 condemnation may be deposited with the county treasurer for deposit in the
29 condemnation fund or the school plant fund of the school district. The
30 condemnation fund is a continuing fund not subject to reversion, except that
31 after ten years any unspent monies shall be placed in the school plant fund
32 to be used as prescribed in this section. The governing board, or the
33 superintendent or chief administrative officer with the approval of the
34 governing board, may apply the proceeds in the condemnation fund to:

35 1. The payment of any outstanding bonded indebtedness of the school
36 district which is payable from the levy of taxes upon property within the
37 school district.

38 2. Construct, acquire, improve, repair or furnish school facilities or
39 sites after notice and a hearing.

40 H. Proceeds from a right-of-way settlement shall be deposited with the
41 county treasurer for deposit in the condemnation fund of the school district.
42 The governing board, or the superintendent or chief administrative officer
43 with the approval of the governing board, shall apply such proceeds in the
44 condemnation fund to construct, acquire, improve, repair or furnish school
45 facilities or sites after notice and a hearing.

1 I. For THE purposes of this section, "capital outlay" means
2 unrestricted capital outlay as prescribed in section 15-903, subsection C.

3 Sec. 7. Section 15-2104, Arizona Revised Statutes, is amended to read:

4 15-2104. Impact aid revenue bond building and debt service
5 funds

6 A. If a school district issues impact aid revenue bonds under this
7 article, the governing board shall establish:

8 1. An impact aid revenue bond building fund consisting of the net
9 proceeds received from the sale of the bonds. The fund shall be a continuing
10 fund that is not subject to reversion.

11 2. An impact aid revenue bond debt service fund consisting of monies
12 received by the school district from impact aid revenues.

13 B. Monies in the impact aid revenue bond building fund and the impact
14 aid revenue bond debt service fund may be used only for the purposes
15 authorized by this article.

16 C. The school district shall provide the county treasurer with an
17 impact aid revenue bond debt service schedule. The county treasurer shall
18 keep an account of all school district debt service funds that shows the
19 school district to which each fund belongs. The county treasurer shall
20 credit to the impact aid revenue bond debt service fund an amount from impact
21 aid revenues equal to the principal and interest that will become due on the
22 impact aid revenue bonds during the current year. The treasurer shall
23 receive and credit any interest or income earned by the debt service fund.

24 D. Notwithstanding any other provision in this article, the annual
25 payment of principal and interest on impact aid revenue bonds each year shall
26 not exceed seventy-five per cent of the net impact aid revenues of the school
27 district for the current year. For the purposes of this subsection, "net
28 impact aid revenues" ~~mean~~ MEANS impact aid revenues for the year after
29 deducting the sum of the following amounts:

30 1. The amount of any increase in the school district's general budget
31 limit pursuant to section 15-905, subsections K, O and P.

32 2. The amount necessary to fund any budget override adopted pursuant
33 to section 15-481, subsection ~~F, J~~ or ~~M~~ J.

34 3. The amount that would be produced by levying the applicable
35 qualifying tax rate as provided in section 15-971, subsection B, minus the
36 amount levied for primary school district taxes for the year pursuant to
37 section 15-992, except that if the result is a negative number, ~~use~~ THE
38 AMOUNT IS zero.

39 Sec. 8. Savings clause

40 A. This act does not affect any special budget overrides pursuant to
41 section 15-482, Arizona Revised Statutes, as repealed by this act, that were
42 approved by the qualified electors of a school district before the effective
43 date of this act. Special budget overrides pursuant to section 15-482,
44 Arizona Revised Statutes, as repealed by this act, that were approved by the
45 qualified electors of a school district before the effective date of this act

1 shall continue for the duration previously authorized by the qualified
2 electors or until the qualified electors of the school district subsequently
3 approve a budget increase in an amount exceeding ten per cent of the revenue
4 control limit as prescribed in section 15-481, subsection G, Arizona Revised
5 Statutes, as amended by this act, whichever occurs first.

6 B. Beginning on the effective date of this act, no school district may
7 conduct an election after the effective date of this act to submit a request
8 to the qualified electors of a school district to approve a special budget
9 override pursuant to section 15-482, Arizona Revised Statutes, as repealed by
10 this act, or submit a request to the qualified electors of a school district
11 to approve the extension of a previously authorized special budget override
12 pursuant to section 15-482, Arizona Revised Statutes, as repealed by this
13 act.

14 Sec. 9. Override election procedures for March 2009

15 Notwithstanding any other law:

16 1. A school district may conduct an election on the second Tuesday in
17 March 2009 to submit a proposed budget increase to the qualified electors in
18 an amount not to exceed fifteen per cent of the revenue control limit as
19 prescribed in section 15-481, subsection G, Arizona Revised Statutes, as
20 amended by this act. If the proposed increase is approved by the qualified
21 electors of the school district, the approved increase shall replace any
22 previously authorized increases approved by the qualified electors pursuant
23 to section 15-481, subsection E or F, Arizona Revised Statutes, as amended by
24 this act, and section 15-482, Arizona Revised Statutes, as repealed by this
25 act and the replacement shall be as provided in section 15-481, subsection M,
26 Arizona Revised Statutes, as amended by this act.

27 2. If the qualified electors in a school district approve a proposed
28 budget increase in an amount not to exceed ten per cent of the revenue
29 control limit in an election conducted on the first Tuesday in November 2008,
30 a school district may subsequently conduct an election on the second Tuesday
31 in March 2009 to submit a proposed budget increase to the qualified electors
32 in an amount not to exceed an additional five per cent of the revenue control
33 limit.

34 3. If the qualified electors of a common school district have
35 approved both a budget increase that is still in effect on the effective date
36 of this act pursuant to section 15-481, subsection E or F, Arizona Revised
37 Statutes, as amended by this act, and a budget increase that is still in
38 effect on the effective date of this act pursuant to section 15-482, Arizona
39 Revised Statutes, as repealed by this act, the common school district may
40 call an election on the second Tuesday in March 2009 to submit a proposed
41 budget increase to the qualified electors in an amount not to exceed
42 seventeen per cent of the revenue control limit. If the proposed increase is
43 approved by the qualified electors of the school district, the approved
44 increase shall replace any previously authorized increases approved by the
45 qualified electors pursuant to section 15-481, subsection E or F, Arizona

1 Revised Statutes, as amended by this act, and section 15-482, Arizona Revised
2 Statutes, as repealed by this act and the replacement shall be as provided in
3 section 15-481, subsection M, Arizona Revised Statutes, as amended by this
4 act. If approved by the qualified electors, the common school district may
5 continue to budget the amount not to exceed seventeen per cent of the revenue
6 control limit for the remaining number of years of the override previously
7 approved pursuant to section 15-482, Arizona Revised Statutes, as repealed by
8 this act, and for the remaining period of the new override may budget up to
9 fifteen per cent of the revenue control limit, except that the new override
10 shall phase down as provided in section 15-481, subsection M, Arizona Revised
11 Statutes, as amended by this act.